



# Customer Collaborative Meeting

## Financial Overview through December 31, 2004

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- First quarter forecasts remain generally on course with the Start of Year (SOY) budgets, with early price and cost indicators supporting our expectations. There continues to be a large amount of uncertainty in the hydro conditions and the natural gas market at this point in time.
  - Precipitation for October through December has lagged from our SOY budget for those months. While actual precipitation was lower through December, power prices have compensated for the decline in the expected supply.
  - January “mid-month” hydro forecast indicates a reduction in January - July hydro volume from 102 to 87.9 maf.
- FCRPS Modified Net Revenue (MNR) has increased in the 1st Quarter Forecast versus the SOY budget. Forecast MNR of \$81.8 million is an increase of \$18.7 million over the \$63.1 million SOY budget.



# Customer Collaborative Meeting

## Financial Overview through December 31, 2004 cont.

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- The primary reason for the change in FCRPS MNR is the decrease in net interest expense. FCRPS Net Interest (Net of Allowance for Funds Used During Construction) is approximately \$22 million lower in the 1st Quarter Forecast compared to the SOY budget, moving from \$293.5 million in the SOY budget to the \$271.7 million. Lower interest is primarily due to current expectations for shorter maturity, lower interest rate debt issuances; and higher interest income from higher cash balances than used in the SOY budget.
- FCRPS Operating Expenses have decreased slightly in the 1<sup>st</sup> Quarter Forecast compared to the SOY budget, moving from \$2,721.4 million to \$2,721.1 million.
- The Net Revenue forecast is up by \$9.9 million from the SOY budget. Current forecasts put Net Revenue at \$236.7 million, while SOY budget estimated Net Revenue is \$226.8 million.
- FCRPS Revenues have declined slightly by \$12.2 million in the 1<sup>st</sup> Quarter Forecast compared to the SOY budget, moving from \$3,241.7 million to \$3,229.5 million, with a majority of the decline identified with the Mark-to-Market loss of \$8.8 million. Secondary Revenues have not been updated from the SOY budget and so do not reflect current hydro or price projections.

	A	B <Note 3	C <Note 4	D	E
	Actuals: FY 2004	Target SOY: FY 2005	Forecast: Qtr 1 FY 2005	Actuals: FYTD 2005	Actuals: FYTD 2004
<b>Operating Revenues</b>					
1 Gross Sales (excluding bookout adjustment) <Note 1	3,185,651	3,099,412	3,108,653	797,156	789,633
2 Bookout adjustment to Sales <Note 1	(212,155)			(49,605)	
3 Miscellaneous Revenues	53,364	58,620	46,004	10,766	12,844
4 Derivatives - Mark to Market Gain (Loss) <Note 2	89,452		(8,826)	(8,826)	(1,210)
5 U.S. Treasury Credits	81,600	83,655	83,655	18,488	20,804
6 <b>Total Operating Revenues</b>	3,197,911	3,241,687	3,229,486	767,979	822,071
<b>Operating Expenses</b>					
Power System Generation Resources					
Operating Generation Resources					
7 Columbia Generating Station	222,115	243,835	243,835	64,206	49,613
8 Bureau of Reclamation	59,599	63,700	63,700	13,153	13,000
9 Corps of Engineers	137,139	144,500	144,500	24,082	26,000
10 Long-term Contract Generating Projects	24,560	29,580	29,580	6,429	3,319
11 Operating Generation Settlement Payment	16,838	17,000	17,800	3,813	3,813
12 Non-Operating Generation	4,578	8,000	5,300	2,945	(3,859)
13 Gross Contracted Power Purchases and Augmentation Power Purchases (excluding bookout adj.) <Note 1	758,163	609,261	609,261	174,019	189,072
14 Bookout Adjustment to Power Purchases <Note 1	(212,155)			(49,605)	
15 Residential Exchange/IOU Settlement Benefits	125,915	144,418	144,418	35,953	34,717
16 Renewable and Conservation Generation, including C&RD	82,551	92,307	92,307	17,359	22,723
17 <b>Subtotal Power System Generation Resources</b>	1,219,303	1,352,602	1,350,701	292,354	338,398
18 PBL Transmission Acquisition and Ancillary Services	43,624	51,600	49,150	8,243	3,918
19 PBL Non-Generation Operations	57,418	52,048	52,519	11,489	12,300
20 Transmission Operations	83,945	77,893	77,939	16,824	18,357
21 Transmission Maintenance	77,475	83,218	83,218	18,041	16,967
22 Transmission Engineering	19,271	9,099	9,099	1,686	(432)
23 TBL Transmission Acquisition and Ancillary Services <Note 5	3,895	13,490	14,490	1,314	1,762
24 Transmission Reimbursables	8,352	9,645	10,000	2,914	1,801
25 Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	170,320	172,649	173,036	28,286	5,514
General and Administrative/Shared Services					
26 CSRS	30,900	26,500	26,500	6,625	7,725
27 Corporate Support (G&A and Shared Services) / TBL Supply Chain	84,158	118,207	118,207	23,207	19,185
28 Other Income, Expenses & Adjustments	(4,731)	(980)	(980)	2,199	(918)
29 Non-Federal Debt Service <Note 5	248,475	387,047	386,979	83,987	64,322
30 Depreciation & Amortization <Note 5	366,239	368,351	370,237	89,845	88,836
31 <b>Total Operating Expenses</b>	2,408,646	2,721,368	2,721,094	587,016	577,734
32 <b>Net Operating Revenues (Expenses)</b>	789,266	520,319	508,392	180,964	244,336
<b>Interest Expense</b>					
33 Interest	323,291	320,371	301,015	78,089	82,399
34 AFUDC	(38,441)	(26,855)	(29,320)	(6,598)	(7,823)
35 <b>Net Interest Expense</b>	284,850	293,516	271,695	71,491	74,576
36 <b>Net Revenues (Expenses) from Continuing Operations</b>	504,415	226,803	236,697	109,473	169,761
37 <b>Net Revenues (Expenses)</b>	\$504,415	\$226,803	\$236,697	\$109,473	\$169,761

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales and gross purchase power.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments

The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 The Start-of-Year (SOY) budget reflects the power rates decisions made in September 2004 for FY05 and includes transmission data that is consistent with the data presented in the Programs-in-Review (PIR) process.

<4 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices.

These uncertainties among other factors may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<5 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.

MONTHLY FINAL

Power Business Line

Report ID: CC\_0021

Statement of Revenues and Expenses - Customer Collaborative

Requesting BL: POWER

Through the Month Ended December 31, 2004 as of December 31, 2004

Unit of measure: \$ Thousands

Preliminary/ Unaudited

Data Source: EPM Data Warehouse

Run Date/Time: January 28, 2005 15:54

% of Year Lapsed = 25%

	A	B <Note 3	C <Note 4	D	E
	Actuals: FY 2004	Target SOY: FY 2005	Forecast: Qtr 1 FY 2005	Actuals: FYTD 2005	Actuals: FYTD 2004
Operating Revenues					
Gross Sales (excluding bookout adjustment) <Note 1	2,682,584	2,597,951	2,594,575	672,577	658,853
Bookout adjustment to Sales <Note 1	(212,155)			(49,605)	
Miscellaneous Revenues	20,495	15,768	15,768	5,306	5,899
Inter-Business Unit	76,923	69,648	69,648	19,179	19,037
Derivatives - Mark to Market Gain (Loss) <Note 2	89,452		(8,826)	(8,826)	(1,210)
U.S. Treasury Credits	81,600	83,655	83,655	18,488	20,804
Total Operating Revenues	2,738,898	2,767,023	2,754,821	657,120	703,384
Operating Expenses					
Power System Generation Resources					
Operating Generation Resources					
Columbia Generating Station	222,115	243,835	243,835	64,206	49,613
Bureau of Reclamation	59,599	63,700	63,700	13,153	13,000
Corps of Engineers	137,139	144,500	144,500	24,082	26,000
Long-term Contract Generating Projects	24,560	29,580	29,580	6,429	3,319
Operating Generation Settlement Payment	16,838	17,000	17,800	3,813	3,813
Non-Operating Generation	4,579	8,000	5,300	2,945	(3,859)
Gross Contracted Power Purchases and Aug Power Purchases (excluding bookout adj.) <Note 1	758,163	609,261	609,261	174,019	189,072
Bookout Adjustment to Power Purchases <Note 1	(212,155)			(49,605)	
Residential Exchange/IOU Settlement Benefits	125,915	144,418	144,418	35,953	34,717
Renewable and Conservation Generation, including C&RD	82,599	92,307	92,307	17,359	22,723
Subtotal Power System Generation Resources	1,219,353	1,352,602	1,350,701	292,354	338,398
PBL Transmission Acquisition and Ancillary Services	149,986	171,400	170,950	30,943	29,392
Power Non-Generation Operations	58,579	52,519	52,519	11,497	12,318
Fish and Wildlife/USF&W/Planning Council/Envrionmental Requirements	170,569	173,036	173,036	28,288	5,525
General and Administrative/Shared Services					
CSRS	15,450	13,250	13,250	3,312	3,863
Corporate Support - G&A and Shared Services; TBL Support - Supply Chain	37,365	53,679	53,679	10,204	8,397
Other Income, Expenses & Adjustments	(629)			14	(38)
Non-Federal Debt Service	429,142	512,503	512,503	124,546	109,217
Depreciation & Amortization	177,297	179,201	177,737	43,703	43,403
Total Operating Expenses	2,257,111	2,508,190	2,504,375	544,862	550,475
Net Operating Revenues (Expenses)	481,787	258,832	250,446	112,258	152,909
Interest Expense					
Interest	180,444	186,999	177,273	46,356	45,784
AFUDC	(17,913)	(9,320)	(9,320)	(2,201)	(2,883)
Net Interest Expense	162,531	177,679	167,953	44,156	42,901
Net Revenues (Expenses) from Continuing Operations	319,256	81,153	82,492	68,102	110,009
Net Revenues (Expenses)	\$319,256	\$81,153	\$82,492	\$68,102	\$110,009

<1 For BPA management reports, Gross Sales and Purchase Power are shown separated from the power bookout adjustment (EITF 03-11, effective as of Oct 1, 2003) to provide a better picture of our gross sales and gross purchase power.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments. The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

<3 The Start-of-Year (SOY) budget reflects the power rates decisions made in September 2004 for FY05.

<4 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

This information has been made publicly available by BPA on January 31, 2005.

**MONTHLY FINAL**

Report ID: CC\_0022

Requesting BL: CORPT

Unit of measure: \$ Thousands

**Federal Columbia River Power System**  
**Schedule of Net Revenue (Expense) to Modified Net Revenue - Customer Collaborative**  
Through the Month Ended December 31, 2004 as of December 31, 2004  
Preliminary/ Unaudited

Data Source: EPM Data Warehouse

Run Date: January 24, 2005

Run Time: 13:21

	A	B	C	D	E	F <Note 9	G <Note 7
	Actuals: FY 2000	Actuals: FY 2001	Actuals: FY 2002	Actuals: FY 2003	Actuals: FY 2004	Target SOY: FY 2005	Forecast: QTR FY 2005
<b>Power Business Line (PBL)</b>							
1 <b>PBL Net Revenue (Expense) &lt;Note 1</b>	252,130	(380,538)	(87,421)	242,996	319,256	81,153	82,492
<b>PBL Modified Net Revenue Adjustments:</b>							
2 <b>SFAS 133 Adjustments (MTM) &lt;Notes 1, 2</b>		(120,614)	38,354	55,265	89,452		(8,826)
3 <b>ENW Debt Adjustments</b>	(81,677)	(157,853)	(264,697)	(148,085)	(151,275)	(18,950)	(18,950)
4 <b>PBL Modified Net Revenue Adjustments &lt;Note 3</b>	(81,677)	(37,239)	(303,051)	(203,350)	(240,727)	(18,950)	(10,125)
5 <b>PBL Modified Net Revenue &lt;Note 4</b>	170,453	(417,778)	(390,472)	39,646	78,529	62,203	72,368
6 <b>PBL Accumulated Net Revenue (GRSP Defined) &lt;Note 5</b>	170,453	(247,325)	(637,797)	(598,151)	(519,622)	(457,419)	(447,255)
7 <b>FBCRAC Threshold Amount &lt;Note 6</b>	--	(386,000)	(408,000)	(378,000)	(264,000)	(252,000)	(252,000)
8		<b>MNR Improvements Required to not trigger FBCRAC</b>					195,255
9 <b>FCRPS Modified Net Revenue &lt;Note 8</b>	159,300	(374,640)	(346,387)	36,874	66,327	63,129	81,849

<1 Includes \$168,491k unrealized loss due to the Cumulative Effect of Change in Accounting Principle for SFAS 133, which was posted to FY 2001. This amount is excluded when calculating the MNR.

Prior report releases and presentations reported the net effect of this change, resulting in previously reported amounts of \$(212,043.18)k for PBL Net Revenue (Expense), and \$(205,730.03) for PBL MNR Adjustment.

<2 Revenue Adjustments reflect impacts from SFAS 133 that are subtracted from net revenue, while ENW Debt Service adjustments reduce MNR if rate case amounts exceed actual ENW Debt Services expenses.

<3 Consistent with the GRSP's, the Modified Net Revenue (MNR) is an adjustment to Net Revenues for the purpose of calculating the rate case Financial and Safety-net Cost Recovery Adjustment Clause.

The MNR excludes the impact of SFAS 133 transactions (Accounting for Derivative Instruments and Hedging Activities); for Debt Service, the MNR excludes actual ENW debt service and substitutes the Energy Northwest debt service expenses as forecasted in the WP-02 Final Studies.

<4 FYTD PBL MNR equals \$69 million and FYTD FCRPS MNR equals \$64 million.

<5 The GRSP's definition of the Accumulated Net Revenue (ANR) differs from the accounting standard definition of ANR. The GRSP's defined ANR is used in determining the FBCRAC rates; the GRSP's ANR represents the accounting standard Accumulated Net Revenue (starting 09/30/99) less the accumulated effects of FAS 133 and ENW debt refinancing activities (see note 1.)

<6 In accordance with the GRSP's, the FBCRAC thresholds were established to provide an upward adjustment to rates to address declining financial circumstances.

The thresholds are established as a benchmark in which to evaluate the financial condition. The FBCRAC thresholds for the ends of FY 2003 - 2005 are reset to equal the SNCRAC thresholds each time the SNCRAC thresholds are recalculated. [SN-03-A-02]

<7 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices.

This report is not an absolute prediction of future revenues or costs, nor does it reflect the actual ANR for the end of the fiscal year, (unless otherwise indicated.)

This report should not be used for investment purposes, nor is it a guarantee that the actual ANR will be achieved as forecasted.

<8 Because the FCRPS MNR excludes actual ENW debt service amounts and substitutes the Energy Northwest debt service expenses as forecasted in the WP-02 Final Studies, the FCRPS MNR removes the effect of debt refinancing from BPA's annual financial activities.

<9 The Start-of-Year (SOY) budget reflects the power rates decisions made in September 2004 for FY05 and includes transmission data that is consistent with the data presented in the Programs-in-Review (PIR) process.

**MONTHLY FINAL****Transmission Business Line**

Report ID: CC\_0023

**Statement of Revenues and Expenses - Customer Collaborative**

Data Source: EPM Data Warehouse

Requesting BL: TRANS

Through the Month Ended December 31, 2004 as of December 31, 2004

Run Date/Time: January 21, 2005/ 13:30

Unit of Measure: \$ Thousands

Preliminary/ Unaudited

% of Year Lapsed = 25%

	A	B <Note 1	C <Note 2	D <Note 3	E	F
	Actuals: FY 2004	Rate Case Forecast: FY 2005	Target: SOY FY 2005	Forecast: Quarter1 FY 2005	Actuals: FYTD 2005	Actuals: FYTD 2004
<b>Operating Revenues</b>						
1 Sales	503,068	599,661	501,461	514,078	124,579	130,780
2 Miscellaneous Revenues	32,868	13,404	42,852	30,236	5,459	6,944
3 Inter-Business Unit Revenues	108,123	132,077	95,493	95,492	22,714	25,514
4 <b>Total Operating Revenues</b>	644,059	745,142	639,806	639,806	152,753	163,238
<b>Operating Expenses</b>						
5 Transmission Operations	83,998	98,811	77,893	77,939	16,824	18,357
6 Transmission Maintenance	77,475	86,511	83,218	83,218	18,041	16,967
7 Transmission Engineering	19,893	10,768	9,099	9,099	1,686	(432)
8 TBL Transmission Acquisition and Ancillary Services <Note 4	79,977	88,860	86,292	87,292	20,493	20,799
9 Transmission Reimbursables	8,352	10,000	10,000	10,000	2,914	1,801
General and Administrative/Shared Services						
10 CSRS	15,450	13,250	13,250	13,250	3,313	3,863
11 Corporate Support - G&A and Shared Services/TBL Support - Supply Chain	47,166	63,978	64,528	64,528	13,003	10,787
12 Other Income, Expenses & Adjustments	(4,008)		(980)	(980)	869	(116)
13 Non-Federal Debt Service <Note 4	1,191		(6,432)	(6,432)		
14 Depreciation & Amortization <Note 4	188,942	190,746	189,150	192,500	46,142	45,433
15 <b>Total Operating Expenses</b>	518,438	562,924	526,017	530,413	123,286	117,459
<b>Net Operating Revenues (Expenses)</b>	125,620	182,217	113,789	109,393	29,467	45,779
<b>Interest Expense</b>						
17 Interest	158,350	199,789	159,072	149,374	38,141	40,491
18 AFUDC	(20,528)	(23,500)	(17,535)	(20,000)	(4,339)	(4,912)
19 <b>Net Interest Expense</b>	137,822	176,289	141,537	129,374	33,802	35,579
<b>Net Revenues (Expenses) from Continuing Operations</b>	(12,202)	5,928	(27,748)	(19,980)	(4,336)	10,200
<b>Net Revenues (Expenses)</b>	(\$12,202)	\$5,928	(\$27,748)	(\$19,980)	(\$4,336)	\$10,200

<1 The TBL groupings of expenses by programs and sub-programs for FY 2005 estimates, developed as part of the 2005 Rate Case, are reconstituted to match the programs and sub-programs groupings shown on this report.

<2 The Start-of-Year (SOY) budget for FY 2005 is consistent with the data presented in the Programs-in-Review (PIR) process.

<3 Although the forecasts in this report are presented as point estimates, BPA operates a hydro-based system that encounters much uncertainty regarding water supply and wholesale market prices. These uncertainties, among other factors, may result in large range swings +/- impacting the final results in revenues, expenses, and cash reserves.

<4 Beginning in FY 2004, consolidated actuals reflect the inclusion of transactions associated with a Variable Interest Entity (VIES), which is in accordance with the FASB Interpretation No. 46 (FIN 46) that is effective as of December, 2003. VIES information is not included in rate case, budget and forecast data.

<b>MONTHLY FINAL</b>	<b>Corporate Business Unit</b>	<b>Data Source: EPM Data Warehouse</b>
<b>Report ID: CC_0024</b>	<b>Statement of Revenues and Expenses - Customer Collaborative</b>	<b>Run Date: January 21, 2005</b>
<b>Requesting BL: CORPT</b>	<b>Through the Month Ended December 31, 2004 as of December 31, 2004</b>	<b>Run Time: 14:26</b>
<b>Unit of measure: \$ Thousands</b>	<b>Preliminary/ Unaudited</b>	<b>% of Year Lapsed = 25%</b>

	A	B <Note 4	C	D	E
	Actuals: FY 2004	Target SOY: FY 2005	Forecast: Qtr 1 FY 2005	Actuals: FYTD 2005	Actuals: FYTD 2004
<b>Operating Revenues</b>					
1 Sales					
2 Miscellaneous Revenues					
3 Derivatives - Mark to Market Gain (Loss)					
4 U.S. Treasury Credits					
5 <b>Total Operating Revenues</b>					
<b>Operating Expenses</b>					
Power System Generation Resources					
Operating Generation Resources					
6 Columbia Generating Station					
7 Bureau of Reclamation					
8 Corps of Engineers					
9 Long-term Contract Generating Projects					
10 Operating Generation Settlement Payment					
11 Non-Operating Generation					
12 Contracted Power Purchases and Augmentation Power Purchases					
13 Residential Exchange/IOU Settlement Benefits					
14 Renewable and Conservation Generation, including C&RD					
15 <b>Subtotal Power System Generation Resources</b>					
16 PBL Transmission Acquisition and Ancillary Services					
17 PBL Non-Generation Operations					
18 Transmission Operations					
19 Transmission Maintenance					
20 Transmission Engineering					
21 TBL Transmission Acquisition and Ancillary Services					
22 Transmission Reimbursables					
23 Fish and Wildlife/USF&W/Planning Council/Environmental Requirements					
General and Administrative/Shared Services					
24 CSRS					
25 Corporate Support (G&A and Shared Services) / TBL Supply Chain					
26 Other Income, Expenses & Adjustments <Note 1				1,319	(753)
27 Non-Federal Debt Service <Note 2	(181,858)	(119,024)	(119,092)	(40,558)	(44,895)
28 Depreciation & Amortization					
29 <b>Total Operating Expenses</b>	(181,858)	(119,024)	(119,092)	(39,239)	(45,649)
30 <b>Net Operating Revenues (Expenses)</b>	181,858	119,024	119,092	39,239	45,649
<b>Interest Expense</b>					
31 Interest <Note 3	(15,503)	(25,700)	(25,632)	(6,408)	(3,876)
32 AFUDC				(59)	(28)
33 <b>Net Interest Expense</b>	(15,503)	(25,700)	(25,632)	(6,467)	(3,903)
34 <b>Net Revenues (Expenses) from Continuing Operations</b>	197,361	144,724	144,724	45,706	49,552
35 <b>Net Revenues (Expenses)</b>	\$197,361	\$144,724	\$144,724	\$45,706	\$49,552

<1 Balances may be due to under/(over) clearing of Corporate expenses.

<2 Corporate Non-Federal Debt Service represents transactions related to Energy Northwest Debt Reassignment.

<3 Corporate Interest reflects the reassignment of Energy Northwest Debt transactions for interest paid by the Transmission business line for use of Debt Reassignment proceeds.

<4 The Start-of-Year (SOY) budget reflects the power rates decisions made in September 2004 for FY05.